

California Marine Life Protection Act Initiative Blue Ribbon Task Force

MEMORANDUM

Phil Isenberg, *Chair*
Isenberg/O'Haren, Government Relations

William Anderson
Westrec Marina Management, Inc.

Meg Caldwell
Stanford Law School

Ann D'Amato
Los Angeles City Attorney's Office

Susan Golding
The Golding Group, Inc.

Dr. Jane Pisano
Natural History Museum of L.A. County

Cathy Reheis-Boyd
Western States Petroleum Association

Douglas P. Wheeler
Hogan & Hartson, LLP

John J. Kirlin, *Executive Director*

**To: Mike Chrisman, Secretary
California Resources Agency**
From: MLPA Blue Ribbon Task Force
Subject: Long-Term Funding for the Marine Life Protection Act
Date: February 15, 2006

Adequate funding for implementation of the Marine Life Protection Act (MLPA) should be a high priority. The MLPA states that "...the [Fish and Game] commission shall...implement the program [of protected areas] to the extent funds are available" Section 2859 (b). Consistent with this legislative intent, many participants in the MLPA Initiative advocate sufficient funding for effective management, education, enforcement, monitoring and evaluation as critical to successful implementation. Members of the California Fish and Game Commission have also voiced this position, as has the leadership of the California Department of Fish and Game.

Decisions about funding the MLPA involve considerations of:

1. Appropriate sources of funds,
2. Expected activities required to implement the MLPA,
3. Possible partners in funding or performing activities required to implement the MLPA,
4. Expected duration and levels of expenditures,
5. Structures for receipt and allocation of funds.

Each of these can be considered in turn and recommendations made for each.

1. Appropriate Sources of Funds

Implementing the MLPA in state waters along the full extent of California will help protect marine life and habitat and benefit Californians. Therefore, the use of general purpose, taxpayer supported resources (the General Fund for operating expenses and general obligation bonds for capital expenditures) is clearly warranted.

Some particular benefits to enhanced marine life will accrue to specific users, such as recreational divers whose experiences are improved. However, these benefits may not develop for some time, or be of small magnitude to any individual, and may be administratively difficult to collect in a cost-efficient manner. At a broader geographical scale, there are likely to be economic benefits of enhanced marine life to coastal tourist businesses and to coastal property owners. Additionally, industries with operations in marine environments should reasonably expect not only to protect but also to enhance marine life over time.

Recommendations

- 1.1. A major public source of funding for implementing the MLPA can be general-purpose taxpayer funds. Efforts should be made to seek General Fund operating and general obligation bond support for the MLPA.
- 1.2. A state statute should be pursued establishing an occupancy tax on lodging in coastal areas, which is a reasonable way to capture benefits from enhanced marine life to fund implementation of the MLPA.
- 1.3. A state statute should be pursued directing fines and/or legal settlements for harmful acts in marine environments to the "Marine Life Protection Fund" (described under item 5).
- 1.4. A state statute should be pursued establishing a presumption that costs to enhance marine life should be part of any new or renewed license or other regulatory permission for industrial activities in marine environments, to be funded by payments directed to the Marine Life Protection Fund.
- 1.5. A state statute should be pursued to allocate a share of any operating permit, or similar state, federal or local regulation, which deals with facilities, individuals or businesses that impact the ocean through discharges to the Marine Life Protection Fund.
- 1.6. A small group of interested parties should be convened to negotiate a "rigs-to-marine life" agreement to place agreed upon funds for decommissioning oil rigs into the Marine Life Protection Fund.
- 1.7. In conjunction with the above recommendations, the state should seek federal and private sector support on a matching basis.

2. Expected Activities Required to Implement the MLPA

California has managed individual MPAs for some time, and has two years of experience with managing a group of MPAs created around the Channel Islands. This experience provides some useful information about management activities required under the MLPA. However, existing MPAs, including those at Channel Islands, were created before the MLPA was enacted. The MLPA established new goals for ecosystem protection and management of both individual MPAs and a statewide network. The management requirements and associated costs of the MLPA, therefore, go beyond the activities currently undertaken by existing MPAs, including even those around the Channel Islands.

Without specifying them in detail, it is useful to identify the different activities required for successful implementation of the MLPA, which include at least the following:

- a. **Design**, such as the process undertaken for the MLPA Central Coast Project
- b. **Start up**, including public education regarding designation, signage, capital equipment, and recruitment of personnel
- c. **Baseline science**, both biological and socioeconomic regarding human uses and impacts
- d. **Operations**, including management, education, personnel and enforcement
- e. **Monitoring**, including data collection, maintenance and analysis, both within and outside individual MPAs to (i) inform management about individual MPAs and (ii) provide a basis for adaptive management
- f. **Adaptive management processes**, being the collection of information and judgments regarding the performance of individual MPAs and of networks at an ecosystem level, to

change the configuration and regulations of the MPA to reflect new information and experience

g. **Refreshing** equipment, materials and personnel as required

The first three of these activities are “one time” but will occur over several years, almost certainly past the 2011 completion date for designating marine protected areas as anticipated in the memorandum of understanding that created the MLPA Initiative. The remaining five activities will continue as long as the MLPA remains in force.

For each activity, choices may be made about how to complete the activity (that is, steps followed to complete the activity and level of effort expended). For example, monitoring is an activity that can be undertaken in a variety of ways, with three major sets of choices regarding (a) what to monitor, (b) where to collect those data, and (c) with what frequency. Choices about how to undertake activities should be made in terms of sufficiency to support management and policy decisions regarding the workings of the network of marine protected areas. There will also be choices about who “does” the needed activities. For some activities, it is possible for non-public actors to play very large roles, with baseline science, monitoring and education being good examples. The design, adaptive management and enforcement activities will remain largely the responsibility of governments.

With respect to long-term funding, some of these activities will be fundable from bonds. Capital expenses clearly fall into this category and planning for such expenditures has been funded from bond proceeds.

Recommendations

- 2.1. Plans to fund implementation of the MLPA should address all of the activities required for its successful implementation, recognizing that the sources of the funds may vary and who undertakes activities may also vary and change over time.
- 2.2. Allocation of funds for the MLPA should be pursued in resource-focused bond proposals now pending or those developed in the future.
- 2.3. Funding sources and expenditures should remain flexible enough to support adaptive management and budgeting strategies such as performance-based budgeting/management.

3. Possible Partners in Funding or Performing Activities Required to Implement the MLPA

While the MLPA is a state statute, successful implementation can rely on multiple partnerships. Identifying possible partners, creating the devices for joint action, and managing partnerships over time requires resources, but offers considerable promise. The list of possible partners includes other state agencies, local governments, fishermen and other users of marine resources, non-profit organizations, philanthropic organizations and volunteer groups. Partnerships can also provide access to streams of funding that are not directly available for implementing the MLPA, with examples including sharing of facilities or monitoring activities in ways that achieve the goals of MLPA implementation at lower cost. In other cases, a partner may have competencies that need not be directly provided by the state.

In developing and managing partnerships, the goal of effectively implementing the MLPA should be the criterion for entering into a partnership and the test of its success. Most partners will have goals only partially congruent with those of the MLPA and their activities will only partly match those needed by the MLPA, factors which require attention to managing the relationships. Explicit attention to

partnerships contributed to the success of the Great Barrier Reef National Marine Park Authority, which has 40 individuals managing partnerships.

Recommendations

- 3.1. Explicitly provide for the development and management of partnerships in state funding and personnel authorizations of the California Department of Fish and Game.
- 3.2. Create funding mechanisms that support partnerships, which could include a joint pool of funds for marine related research to which state agencies, local governments, and philanthropic organizations could contribute, that would then fund and manage research pursuant to an agreed upon plan. Ensure legally that funds placed in a joint pool or similar arrangement must be spent on MPA activities, and may not be diverted for other purposes.

4. Expected Duration and Levels of Expenditures

The MLPA anticipates protection of marine resources over a long period of time. The goals of protecting ecosystem integrity and habitats will continue indefinitely even as adaptive management results in changes in specific MPAs.

Given that a network of MPAs has not yet been designated, that choices will have to be made about how activities are performed, and the desirability of partnerships is yet to be determined, efforts to predict exact levels of needed funding will inevitably be inaccurate. However, it is useful to establish ranges of expected expenditures; analyses of costs of similar or analogous programs can be used to develop a range. For example, an examination of the monitoring and evaluation activities associated with the Channel Islands marine protected areas and the Monterey Bay National Marine Sanctuary can provide two examples of costs incurred in the activities of those two efforts to protect marine areas.

As plans for implementing the MLPA are developed, closer examination of those similar or analogous programs can inform decisions regarding funding. Closer examination may lead to the conclusion that some activities can be dropped while others need to be added.

A staff analysis of the costs of similar and analogous programs suggests a range of \$20-60 million annually to implement the MLPA in all California state waters. Design expenditures will be high in early years, operation and monitoring expense will build up as MPAs are designated, and adaptive management and refreshing costs will be included regularly in later years. These cost estimates will be refined as more is learned about the programs for which cost data are available, but they are unlikely to change dramatically. While not large in the context of the total California state budget, expenditures in this range would be large for the Department of Fish and Game, for which the Governor's 2006-07 budget projects \$310 million in expenditures, with only \$53.6 million coming from the General Fund.

Recommendations

- 4.1. Reliable long-term funding sources are needed for implementing the MLPA and such sources should be a significant part of a long-term funding plan.
- 4.2. Sufficient funds should be anticipated from all sources, state and other, to adequately fund implementation of the MLPA. The best available estimates suggest total costs of several tens of millions of dollars annually. Those cost estimates should be refined, but realistic estimates of both costs and available funds should be the basis of judgments that adequate funds are available.

- 4.3 While MLPA implementation expenditures should be funded from both state and non-state sources, the state should play the lead role in ensuring adequate funding for this state program.
- 4.4. The MLPA anticipates possible phasing in of new MPAs (Section 2857 (e)), and that option should be recognized as a contingency if funds are not available for effective implementation of all new MPAs.

5. Structures for Receipt and Allocation of Funds

State funds for MLPA implementation will come through the established state funding mechanisms of an annual budget of operating funds and bond accounts. Implementation of the MLPA would be facilitated by creating two additional structures for receipt and disbursement of funds. The first would be the "Marine Life Protection Fund" established to receive funds other than state appropriations devoted to the protection of marine life in California. The legal structure and governance of the organization should be designed to minimize risk of diversion of funds received to purposes other than marine life protection. The Marine Life Protection Fund should be structured to receive and allocate both endowment funds and capital or operating funds to be disbursed for general or specified purposes. Some sources of funds for this organization were identified above and its existence could attract other funds. The Marine Life Protection Fund would be a ready device to which organizations or individuals could direct funds to support marine life protection.

A second new structure to collect and allocate funds should focus on monitoring and evaluation activities in California's ocean and estuarine waters. California has several state programs and local governments have created entities to implement monitoring and evaluation activities (e.g., Southern California Coastal Water Research Project (SCCWRP)). A similar structure could provide a device to effectuate partnerships in designing and implementing monitoring programs and in managing and analyzing data for needed policy making. This structure could be called the "California Marine Monitoring and Evaluation Institute." A similar approach was successful in the Great Barrier Reef National Marine Park.

Recommendations

- 5.1. A design for a "Marine Life Protection Fund" as described above be developed and support pursued for this concept.
- 5.2. A design for a "California Marine Monitoring and Evaluation Institute" as described above should be developed and support pursued for this concept.

cc: Brian Baird, California Resources Agency
L. Ryan Brodrick, California Department of Fish and Game
Sonke Mastrup, California Department of Fish and Game
John Carlson, Jr., California Fish and Game Commission